

**MINUTES OF THE
GOVERNOR'S BOARD OF ECONOMIC DEVELOPMENT**

February 15, 2008 • 10:00 a.m. to 12:00 p.m.
324 South State Street, Suite 500
Salt Lake City, Utah

Members Present: Amy Rees Anderson, Ragula Bhaskar, Jack Brittain, Mary Draper, Stanley Ellington, Molonai Hola, Mel Lavitt, Nikos Linardakis, Richard Nelson, Jerry Oldroyd, James Sorenson, Cliff White

Members Absent: Bill Boyle, Gerald Sherratt

Visitors: Lee Baker, Todd Brightwell, Jerry Cross, Reed Jacobs, Steve Oberbeck, Stephen Sobisky, Brice Wallace

Staff: Doug Clark, Amy Hamblin, Gary Harter, Fred Lange, Bill Loos, Derek Miller, Marshall Moore, Jeremy Neilson, Jason Perry, Pete Pletsch, Ryan Starks, Michael Sullivan

Welcome –

Approve January 2008 Minutes

MOTION: Richard Nelson moved to approve the minutes of the January 18, 2008 GOED Board Meeting. Jack Brittain seconded the motion. Motion carried unanimously.

Committee Reports

Incentives Committee

Disney Interactive

Company Request: The maximum incentive allowable for the growth of Avalanche Software and the launch of the new Fall Line Studios in Salt Lake City, specifically to provide funding as follows:

- \$2,000 per man month for new hires (\$2.2 Million in year 1 growing to \$12.7 Million in year 10)
- \$1,000 per man month for new co-op students (\$80,000 in year 1 growing to \$240,000 in year 10)
- 20% of capital investments in project (\$500,000 in year 1 growing to \$3.0 Million in year 10)
- \$200,000 for each new Intellectual Property to begin full production (\$2.0 Million over 10 years)

Project Highlights:

- Computer animation is in the Software and Information Technology target cluster
- More than 500 new Full Time Employees at Avalanche Software & Fall Line Studios in Salt Lake City
- Company Projected Wages: Greater than \$75,000 average salary for new jobs at Avalanche Software and Fall Line Studios which will be greater than 240% of the Salt Lake County median (\$32,828)
- New State Revenue: \$15,749,000 over 10 years
- New State Wages: \$330,678,000 over 10 years
- Capital Investment: \$15,100,000
- ROI Multiple: 3.3 times
- Competition: Vancouver and Quebec, Canada and Shanghai, China

Local Incentives: Low interest loan up to \$1,000,000 from Salt Lake City

There was discussion on the local incentive and whether the Salt Lake City offer was acceptable. There was also discussion on what the city will be able to offer in the future.

MOTION: Jerry Oldroyd moved to approve for DIS, Inc. an EDTIF incentive of up to \$5,250,000 rebating 30% of new state revenue over ten years on a post performance basis. Mel Lavitt seconded the motion. Motion carried unanimously.

Additional Requirements:

- Subject to local incentive from Salt Lake City acceptable to the Incentives Subcommittee of the board
- Must commit to keep project in State of Utah for 10 years
- New employee salaries to average at least 200% of the Salt Lake County median wage

- EDTIF portion subject to claw-back if exceeds 30% of new state revenue at the end of the term of the agreement

EDZONE – Goldman Sachs

Establish an Economic Development Zone for purposes of supporting the location of the Goldman Sachs Project in Salt Lake City, Utah.

MOTION: Jerry Oldroyd moved to approve the creation of an Economic Development Zone for Salt Lake City in support of their letter of commitment and map detailing the zoning and boundaries of the Goldman Sachs Project located at 295 Chipeta Way. Richard Nelson seconded the motion. Motion carried unanimously.

GOED Report

Jason Perry, Executive Director of GOED, gave an update on GOED's legislative priorities:

- SB 185 Economic Incentive Revisions - changes EDTIF to a tax credit
- HB 133 Health Systems Reform – creates the Office of Consumer Health Services and an internet portal for people to access policies, plans, and procedures on health care and government programs.
- HB 426 Government Procurement and Private Proposals – Allows companies to submit unsolicited proposals to the state.
- HB 52 Research Activity and Tax Credits - potential tax credits for companies
- HB 257 Employee Verification – requires that before an incentive is given to a company, they must certify that they participate in a federal employee verification program.
- SB 250 Motion Picture Incentive Fund – changes to a tax credit, same caps.

Jeremy Neilson and Richard Nelson presented on the Utah Fund of Funds and their proposed legislative amendments:

- Increasing tax credits from \$100 M to \$300 M
- Clarifying legislative language on program's availability to obtain financing
- Remove GRAMA and Open Meeting requirements from the private non-profit corporation UCIC

Resolution of Support: Richard Nelson moved to approve a resolution in support of the Utah Fund of Funds legislative priorities. Mel Lavitt seconded the motion. Motion carried unanimously.

Michael Sullivan, Director of Communications for GOED, announced that the 2008 Governor's Economic Summit will be held on March 20th. Program schedules were handed out.

An update was given on the Rural Fast Track Program and the Rural Broadband Fund. There will be a committee for the Rural Broadband Fund that will review applications and make recommendations to the board. It will consist of about 5 members from the GOED Board and they will meet once a month.

Lee Baker, Jerry Cross and Stephen Sobisky with Sandman Studios, gave a presentation on their company and capabilities.

Meeting adjourned.